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European Union

Sugar

EU suspends Serbia's tariff free access for sugar

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Report Highlights:

The EU has suspended zero duty tariff concessions for sugar imported from Serbia and Montenegro for an initial period of three months. The EU Commission cites fraud concerns over the sugar's origins. EU imports from Serbia jumped from zero in 2000 to 172,000 MT in 2002 and are expected to drop to zero again following this action.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Brussels USEU [BE2], E2

The European Commission has announced an initial three month suspension of zero duty sugar imports from Serbia and Montenegro, starting from May 1st.

The suspension, which removes Serbia and Montenegro's concession to export sugar to the EU with zero duties, was taken following an investigation by OLAF, the anti-fraud office of the EU. OLAF said that the controls to ensure that sugar exported to the EU originated in Serbia and Montenegro were "totally inadequate", opening a potential for sugar imported into Serbia from the world market to be re-exported to the EU. Internal Market Commissioner, Frits Bolkestein, justifies the action on the grounds that it will give the Commission time to check whether there has been abuse of the preferences. The Commission can extend the length of the suspension.

The concessions for sugar exports from Croatia to the EU were not removed, due to efforts by the Croatian authorities to increase the effectiveness of their implementation of 'country of origin' rules.

Serbia's trade minister, Slobodan Milosavljevic, argued to the Serbian media that the decision was taken following pressure from the EU sugar lobby, whilst Serbian sugar industry representative blamed this decision as being the outcome of the privatization of the Serbian sugar processing industry.

It is expected that the exports of sugar from Serbia and Montenegro will drop to zero during the period of the suspension, as their exports will once again face full EU sugar tariffs of between EUR 339 and EUR 419 per metric ton.

EU Sugar Imports from Croatia and Serbia and Montenegro, 2000-2002, metric tons

	2000	2001	2002
Croatia			
Raw Sugar	0	4,016	48
Refined Sugar	599	36,195	63,584
Serbia and Montenegro			
Raw Sugar	0	5,635	164
Refined Sugar	0	24,260	172,329

Source: Eurostat

Related reports from USEU Brussels:

Report number	Title	Date released
E23056	Sugar Annual Report	04/10/03

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